

The Connecticut General Assembly



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Office of Policy and Management Announces Reprioritization and Reallocation of Spending to Aid Small Hospitals *Griffin Hospital Receiving Funding Restoration*

The Office of Policy and Management announced that the state will distribute \$14.1 million to small hospitals through the Small Hospital Pool. With massive differences between large hospitals and small ones in profit margins—differences of hundreds of millions of dollars annually—OPM is taking this proactive action to support six small hospitals.

Connecticut hospitals had one of their best years on record last year, when hospital health systems saw total revenue in excess of expenses of \$916.4 million – a \$186.2 million (or 26%) increase from the previous fiscal year. In the years prior, large hospital health systems made upwards of \$400 million, \$600 million, and \$700 million.

Yet, while large hospitals have healthy margins and robust executive compensation, there are small hospitals are in need of additional assistance to continue to provide services. As such, OPM is proactively reallocating a portion of existing supplemental Medicaid payments toward helping those small hospitals independent of larger hospital systems that tend to be more profitable.

The six hospitals set to receive payments are Bristol, Day Kimball, **Griffin**, Charlotte Hungerford, Johnson, and Milford. This money is available because OPM is reprioritizing a portion of the remaining quarter of Medicaid supplemental payments—that is, from that portion of the supplemental pool that was not rescinded.

Some larger hospitals saw billions in revenue from operations last year. None of the six “small hospitals” that will receive this proactive reallocation receive more than \$176.1 million individually. The combined operations revenue of these six hospitals is, in sum, about 1/8 of that of Yale-New Haven and Hartford Healthcare combined. In the last four years, those two hospitals took in more than 50% of the total revenue over expenses for all hospitals and hospital systems in the state.

In FY 14, nine hospitals had total margins over 9% and 14 hospitals over 5%. That’s as state aid to hospitals has increased by roughly \$1 billion over the past decade.

“We know that hospitals are not one-size-fits all, and that’s why we’re proactively reprioritizing and reallocating dollars to support small hospitals that need support most. To be clear, hospital systems are

seeing extraordinary revenues, but today we're working to reprioritize and reallocate payments so we can assist the small hospitals and support patient care. The six small hospitals we are helping today lost millions in FY2014, and we're proactively working to support them. The other 15 larger hospital systems made in excess of \$900 million," OPM Secretary Ben Barnes stated. "With such discrepancies between large and small hospitals – between those who are making hundreds of millions of dollars per year and those that aren't – we are trying to help those small hospitals serving our Medicaid population."

"I'm grateful to Governor Malloy for restoring these funds which in turn, provide critical services and public safety for Ansonia and Derby residents," said Deputy Speaker of the House Linda M. Gentile. "Griffin Hospital is our largest employer, so a stable job situation for employees is vital."

"I'm pleased Governor Malloy recognized what the effect of the proposed cuts would have on Griffin Hospital and reconsidered," said State Representative Theresa Conroy. "The level of healthcare for Naugatuck Valley residents will remain top notch thanks to this restoration of funding."

The new Small Hospital Pool payment plan reprioritizes a portion of the remaining quarter Medicaid Supplemental payment.

The Small Hospital Pool was established this year for hospitals with no more than 180 beds, not affiliated with any other hospital, and are not in contiguous towns. The Medicaid Supplemental Pool is the program by which the state returns to the hospitals a portion of hospital tax revenue on a quarterly basis. On September 18, 2015, the final three quarters of installments for Medicaid Supplemental and Small Hospital Pools were rescinded, and the first quarter installment had yet to be released to the hospitals.

Hospital	Payment From Small Hospital Pool
Bristol	\$2,917,675
Day Kimball	\$2,777,203
Griffin	\$3,315,317
Hungerford	\$2,051,467
Johnson	\$2,301,469
Milford	\$736,870